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STATUS OF SOUTH-SOUTH COOPERATION AND THE EMERGING ISSUES

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I. INTRODUCTION

1. The present paper has been prepared to assist in the discussions of the Intergovernmental Meeting of Experts convened by the General Assembly in its resolution 49/96, inter alia, to recommend, with a view to expanding South-South cooperation on a global scale, practical modalities and substantive issues to be taken into account by the Secretary-General in preparing a report on the state of South-South cooperation.

2. The paper reviews the salient features of South-South cooperation experience and attempts an assessment of the implications for future cooperation of the changes that have characterized the world economy in recent years. Finally, the paper provides a background against which the intergovernmental Group of Experts could recommend substantive issues and practical modalities that might constitute an agenda for future South-South cooperation.

II. BACKGROUND

3. South-South cooperation has its roots in the compelling imperatives of the post-colonial era and has been closely linked with the process of development itself. It has proved fruitful over the years, though much more could have been achieved with better access to knowledge and resources. Both its nature and potential have undergone a transformation with changing circumstances and a further transformation in the remaining part of this century and beyond is a foregone conclusion.

4. Some developing countries have attained substantially better levels of economic development over the years, whether through better prices for their natural resources, notably oil, or through industrialization, or both. A few have already attained levels comparable or close to those of the developed world if measured by internationally recognized indicators of economic development. Many other developing countries, meanwhile, have been further impoverished and find themselves mired in an insidious combination of indebtedness and an inability to achieve sustainable development. These developments have necessarily led to changes in the pattern of South-South cooperation and to differing goals and aspirations for different developing countries that had similar levels of development as little as two decades ago.

5. An important lesson of the recent past is that "South" is not a monolithic concept; it encompasses countries with vastly different levels of development, with the upper levels nudging the North, and the relationship of the South with the North has also undergone a significant change, even though the interaction hardly matches up to the expectations and hopes that had been aroused in earlier years for the "decade of development" and beyond.

6. Any discussions of South-South cooperation would also have to take into account the factors that are shaping realities on the global economic scene, and which will continue to do so in the years to come. Such an attempt would be at least partly speculative, but the attempt would be incomplete if it ignored some of the key factors that are bound to influence future international economic

relations and, inevitably, the economic well-being of the peoples of developing countries. South-South cooperation, encompassing economic cooperation among developing countries (ECDC) and its companion, technical cooperation among developing countries (TCDC), must be shaped in the light of such realities.

III. REGIONAL ECONOMIC COOPERATION AND INTEGRATION

7. In its earliest forms, South-South cooperation was pursued mainly within the framework of subregional and regional economic cooperation and integration schemes of developing countries, often with trade liberalization objectives as an essential feature. The early promise that these schemes offered as strategies for the achievement of rapid economic growth in the South were not always realized, so that even before the onset of the world economic crisis of the 1980s, which especially affected developing countries, the general perception was that, although there had been some successes, as a whole, regional cooperation arrangements had failed to achieve their objectives. 1/ The causes were many, ranging from rigidities within these arrangements to low rates of implementation of decisions by member States of regional commitments because countries could not always see clearly how subregional/regional arrangements could accommodate their vital national concerns.

8. Since the latter part of the 1980s, there have been fundamental changes of both a political and an economic nature, in response to which developing countries and their groupings have been adopting new approaches to regional cooperation. For example, in respect of both national economic policy and the structure of regional arrangements, the approach has become more liberal and open to the global economy. The switch from emphasis on inward-looking import substitution policies to more openness is giving new impetus to regional cooperation, because cooperation with regional/subregional partners is seen as a step towards fuller participation in the global economy, as it facilitates the acquisition of higher skills and the attainment of the production scale necessary to compete internationally. Similarly, the liberal market-based orientation has opened up the possibility of enterprise cooperation, and these two trends have become mutually reinforcing. Most developing countries members of integration groupings, for example, have established very tight timetables for market integration, which generally envisage the full attainment of customs union or common market status by or around the year 2000. Generally speaking, these market integration efforts, in contrast to the past, are being developed as much as possible within the context of an outward-oriented approach and in the light of long-term integration objectives, and they are also incorporating new elements designed to generate and sustain trade as well as to enhance competitiveness.

9. The desire to ensure more effective and speedy progress towards the realization of integrated and functional subregional and regional communities remains high on the agenda of developing countries and their groupings, as manifested in the adoption of new treaties to create new economic groupings, the revision of existing treaties to introduce new elements and modalities that update and deepen the integration process as well as render it more flexible and the enlargement of membership of economic groupings to cover wider geographical areas. The expansion of trade through the strengthening of some form of customs

union arrangement - in addition to trade promotion measures - constitutes the basic thrust of many of these initiatives. Simultaneously the scope of cooperation is being widened to build the necessary conditions conducive to cooperation and integration prospering. Adjustments in this direction have involved increasing popular participation, promoting peaceful inter-State relations and enhancing regional security and stability, increasing the participation of enterprises and cooperation among them and their associations, expanding cooperation with major external partners, including in some instances through the formation of preferential trading agreements, and restructuring the policy organs and executive secretariats of groupings. Some initiatives at the interregional level have been launched, and the formation of mixed groupings involving both developed and developing countries has gained in prominence.

IV. SUBREGIONAL AND REGIONAL DEVELOPMENTS 2/

A. Africa

10. Generally speaking, the experience of regional cooperation in Africa has been mainly disappointing. An earlier assessment of that experience concluded that, although the mechanisms of regional integration in Africa appeared to follow the general framework of similar efforts elsewhere, the African approach tended to be more ambitious, centralized and political in origin and, among other weaknesses, there was a reluctance on the part of countries to cede power to subregional and other bodies. 3/

11. The perceived problems are not unique to Africa, and as in other regions, Africa is now applying new approaches to subregional and regional cooperation and integration, as can be seen, for example, in the efforts of the Organization of African Unity (OAU) to create a continental economic community using as "building blocks" the various subregional communities.

12. The Arab Maghreb Union meeting of heads of State in April 1994 noted that several agreements had been adopted since the last summit and a dozen projects designed, including a regional highway, a high-speed train and fibre optic cable to strengthen links between member States, several projects to further consolidate Union customs cooperation and a study on a compensation scheme. Union member States adopted a preferential trading scheme in 1990-1991 to promote and strengthen trade among them, but the scheme has not yet been implemented. Meanwhile, recorded intra-Union trade remains very low, accounting for about 2 per cent of total Union exports in 1992. In respect of external cooperation, the Arab Maghreb Union and the European Union have been holding discussions on closer mutual economic cooperation.

13. Despite set-backs occasioned by the civil strife in Liberia with spillover effects in neighbouring countries, the Mano River Union Ministerial Council meeting in July 1993 directed the secretariat to seek technical assistance for the establishment and strengthening of economic integration structures within the national administrations of member States. The Council also decided to expand the scope of Mano River Union cooperation to include political, security, foreign affairs and defence matters. The Union secretariat, for its part, has proposed initiatives for the determination of modalities and strategies for the

post-war reconstruction and rehabilitation of war-affected areas of the subregion. In view of the difficulties confronting the Mano River Union, the aim of expanding intra-Union trade has not been met. Such trade at present is less than 1 per cent of total Union exports.

14. In July 1993, the Authority of Heads of State and Government of the Economic Community of West African States (ECOWAS) signed the revised ECOWAS Treaty. Designed to bring new dynamism to West African integration, the revised Treaty confers upon the ECOWAS Authority full power to take decisions that would be binding on Community institutions as well as member States, makes provision for the establishment of an ECOWAS parliament and an economic and social council, for the establishment of eight specialized technical commissions to replace the six existing ones, for political cooperation and regional security, and for the enactment of a Community levy to generate financial resources for the Community (the levy will be a percentage of total value of import duty derivable from goods imported from third countries) and provides that ECOWAS will be the sole economic community in West Africa and serve as the focal point for all intraregional integration activities. In the context of institutional rationalization, a particularly important development was the abolition of the West African Economic Community (CEAO), pursuant to a decision of the summit of Heads of State of the seven member States (Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger, Senegal) in early 1994. The revised ECOWAS treaty also provides for the establishment of a customs union within 10 years from 1 January 1990, followed by the creation of an economic and monetary union in the subsequent 5 years. This programme is expected to promote and expand intra-ECOWAS trade, which in 1992 represented about 7.8 per cent of total ECOWAS exports.

15. The Economic Community of Central African States (ECCAS) has been revising its instruments of cooperation and launching initiatives aimed at raising mutual trade above its historical level of 2 per cent of the total trade of the member States.

16. After a major restructuring operation, the States members of the Central African Customs and Economic Union (UDEAC) signed a treaty in March 1994 on the creation of an Economic and Monetary Community of Central Africa. The Community will comprise an economic union of Central Africa that will be built upon the achievements of UDEAC, a monetary union of Central Africa, a Community Parliament, and a Community court of justice. The Bangui-based UDEAC secretariat has been transformed into the executive secretariat of the Community to monitor and facilitate member States' implementation of the reforms and commitments assumed under the treaty. Intragroup trade expansion is a major objective of UDEAC, and the aim will be to reverse the recent decline in the already low level of intragroup exports.

17. In the Economic Community of the Great Lakes Countries (CEPGL), the civil strife in Rwanda has crippled the Gisenyi-based CEPGL secretariat and curtailed implementation of cooperation activities, such as the planned establishment of a customs union beginning with the elimination of tariffs on 1 January 1995. Recorded trade among the Community members has tended to constitute less than 1 per cent of total Community exports.

18. A new grouping, the East African Community, was created on 30 November 1993 with the signature of a treaty by the Heads of State of Kenya, the United Republic of Tanzania and Uganda. The treaty provides for the following: (a) the establishment of a tripartite commission that will be responsible for the promotion of cooperation in various fields, including political, economic, social, cultural and security matters; (b) the immediate abolition of travel restrictions and the elimination of non-tariff barriers between the three countries; and (c) sector cooperation in aviation, meteorology, agriculture, fisheries, animal husbandry, energy, tourism, wildlife and environmental protection, health, education, science and technology, legal and judicial issues, information exchange, training and cooperation in security operations. The tripartite commission is also directed to resolve outstanding issues of the former community of the same name, including its assets and liabilities, and to strengthen surviving institutions.

19. The Preferential Area for Eastern and Southern African States (PTA) was transformed into the Common Market of Eastern and Southern African States (COMESA) by the signing of the COMESA Treaty in November 1993, when Eritrea, Madagascar and Seychelles were also admitted to membership, bringing the total to 22 countries. Under COMESA, greater emphasis is to be given to cooperation in critical sectors likely to make an impact on growth, development and trade. These include greater industrialization, expansion of intra-trade, development of cheaper, reliable and more efficient transport and communication infrastructures, and the development of agriculture for food security and self-sufficiency. COMESA aims to increase intra-trade from the present level of about 6 per cent of total exports to over 25 per cent by the year 2000.

20. The signing in August 1992 of the treaty creating the Southern African Development Community (SADC) marked an important step for southern African States in forging ahead from regional cooperation - as pursued under its predecessor, the Southern African Development Coordination Conference (SADCC) - to regional integration. The treaty entered into force on 5 October 1993. SADC will build upon the foundations laid by SADCC while emphasizing the involvement of the people and the real commitment by Governments to the community-building process. To sensitize and involve the people of the region, seminars and workshops at the national and regional levels were conducted throughout the region, as a result of which the technical protocols determining and defining the various sectors and activities for cooperation were drawn up. South Africa became the eleventh member of SADC when it acceded to the treaty in 1994.

21. In 1992 the States member of the Indian Ocean Commission adopted an Integrated Regional Programme for the Development of Trade whose objectives are to develop trade of member States with the involvement of economic operators, ensure development of efficient production structures, promote the standardization of products, facilitate the assimilation of trade information and eliminate tariff and non-tariff barriers to trade among member States with a view to establishing a free trade area. The programme had been partially implemented by the end of 1993.

22. In respect of cooperation groupings such as the Permanent Inter-State Committee for Drought Control in the Sahel, the Council of the Entente, the Intergovernmental Authority on Drought and Development, the Organization for the

Management and Development of the Kagera River Basin, the Lake Chad Basin Commission, the Liptako-Gourma Integrated Development Authority, the Niger Basin Authority, the Gambia River Basin Development Organization and the Senegal River Development Organization, continuing financial problems arising from the non-payment of assessed contributions by some member States has led many of them to restructure their secretariats, reduce staff and focus attention on mobilizing international technical and financial support for their subregional development programmes and projects.

B. Asia and the Pacific

23. In May 1992 the trade ministers of countries members of the Gulf Cooperation Council (GCC) announced the goal of creating a common market by the year 2000. Later a timetable was set for the application of a unified system of tariffs.

24. With the aim of reactivating cooperation under the Economic Cooperation Organization (ECO), the member States - which now include the newly independent central Asian republics - adopted the Quetta Plan of Action and the Istanbul Declaration on Long-Term Perspectives for the ECO, which provide the umbrella for activities in the ECO region for the forthcoming decade. The Quetta Plan of Action, in particular, contains guidelines and targets to be achieved by or before the year 2000 in the fields of transport and communications, trade, energy, industry, agriculture, tourism and human resource development and provides for the establishment of an ECO Special Fund for Feasibility Studies, with a subscribed contribution of US$ 300,000.

25. In conformity with the decision of the 1991 meeting of Heads of State and Government of the South Asian Association for Regional Cooperation (SAARC), a SAARC Preferential Trading Arrangement was adopted by the April 1993 summit. Member States were urged to complete all formalities to make the arrangement operational, including the finalization of schedules of concessions and the process of ratification before December 1995; the arrangement will include trade liberalization arrangements relating to tariffs, paratariffs, and non-tariff and direct trade measures. Meanwhile, trade among SAARC countries currently accounts for between 8 and 9 per cent of total SAARC exports.

26. The enlargement of membership is a major priority of the Bangkok Agreement. The completion in December 1993 of procedures for the accession of Papua New Guinea to the agreement and the announcement by China in April 1994 of its accession constituted significant developments. The agreement's objective is to expand trade and investment flows among member States; in this respect, intragroup trade has tended to fluctuate between 1.7 and 2.5 per cent of the group's aggregate exports since 1985.

27. Pursuant to the decision of the January 1992 meeting of Heads of Government of the Association of South-East Asian Nations (ASEAN) on the establishment of an ASEAN free trade area, the latter's Ministerial Council in December 1992 finalized the details of the common effective preferential tariff scheme - the mechanism for the realization of the free trade area - which was then officially launched on 1 January 1993, as scheduled. The scheme has the goal of reducing

tariffs on all intra-ASEAN trade in manufactured and processed agricultural goods to between 0 and 5 per cent in 15 years. Quantitative restrictions and other non-tariff restrictions are also to be addressed, and ASEAN member States have been exchanging lists of such restrictions. Other important developments include the restructuring of the ASEAN machinery for economic cooperation through the abolition of the five ASEAN economic committees and the institutionalization of the Senior Economic Officials Meeting as the mechanism to oversee all aspects of economic cooperation; the completion of the restructuring of the ASEAN secretariat, with the restructured secretariat becoming operational in January 1993; continued cooperation with dialogue partners; and the formation in 1994 of the ASEAN Regional Forum to promote regional security. The process of regional integration is being further strengthened in east Asia with the promotion of growth triangles to foster intraregional investment and production for exports to the region and elsewhere. One example is the Southern Triangle, involving Singapore, the Malaysian State of Johor and the Riau Islands of Indonesia.

28. The Melanesian Spearhead Group, composed of Papua New Guinea, the Solomon Islands and Vanuatu, is emerging as the first "integration" grouping involving developing countries of the South Pacific. Under the Group's Trade Agreement, which entered into force on 1 September 1994, trade among the three countries is conducted free of customs duties in respect of tuna from the Solomon Islands, tea from Papua New Guinea and beef from Vanuatu. In this connection also, the 1994 meeting of Heads of State agreed to broaden the scope of tradable products included in the free trade agreement. The same meeting, in addition to discussing political issues affecting regional stability, agreed to expand the scope of cooperation into new areas and, in particular, to collaborate closely in developing a single regional framework of law and practices to regulate their forestry industry, which is a major source of foreign exchange for the three countries; to examine, through a study, the possibility of merging the individual national airlines, which have not been profitable in recent years; and to examine options for the holding of an annual Melanesian Arts Festival to promote cultural cooperation and awareness among member States, as well as tourism.

C. Latin America and the Caribbean

29. A new grouping was launched in July 1994 with the signing of the treaty creating the Association of Caribbean States, encompassing countries and territories washed by the Caribbean sea. The association comprises 25 member States, namely Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and Venezuela; and several dependent Territories (as associate members), namely, Anguilla, Bermuda, Cayman Islands, Turks and Caicos Islands, British Virgin Islands, Montserrat, Guadeloupe, French Guiana, Martinique, Aruba and Netherlands Antilles. Developed countries with dependent territories in the region (France and the Netherlands) can participate as associate members responsible for the Territories. The main objectives of the association are to further economic integration, develop the potential of the Caribbean Sea and

strengthen functional cooperation in the political, cultural, scientific, social and technological areas.

30. The Latin American Economic System (SELA) Council in June 1994 discussed economic relations between Latin America, the Caribbean and the United States and adopted a declaration which, inter alia, called for the termination of all embargoes in the region and reaffirmed the principle of free trade.

31. The States member of the Latin American Integration Association (ALADI) have been considering a proposal advanced in early 1994 for the creation of a South American free trade zone through the gradual elimination of tariffs over 10 years. In respect of trade among ALADI countries, its share of total ALADI exports was about 10.9 per cent in 1990 and rose to about 16.7 per cent in 1992. ALADI agreements permit member States to devise subregional preferential trade agreements that are consistent with the regional framework. Thus many new free trade agreements have been concluded; for example, Colombia and Chile negotiated and agreed to a free trade scheme that took effect in 1994 and aims to liberalize bilateral trade by 1 January 1999; and the Group of Three, created in 1991 by Colombia, Mexico and Venezuela, signed an agreement in June 1994 creating a free trade area through the progressive removal of tariffs on the bulk of their intraregional trade.

32. The Central American Integration System (SICA) was created in 1991 to become the principal umbrella agency for integration in Central America. SICA's secretariat, which has its headquarters in El Salvador, started operations in February 1993. Since then, the secretariat has been participating in the activities of the system and promoting the establishment and functioning of the social subsystem and linkages between this subsystem and other subsystems (cultural and economic).

33. SICA's economic subsystem is the Central American Common Market. On 1 April 1993 four of the five States members of the Common Market (El Salvador, Guatemala, Honduras, Nicaragua) signed an agreement on the Central American Free Trade Zone, along with three basic agreements on, respectively, the central American tariff, rules on unfair practices and rules of origin. The initiative is aimed at reactivating intraregional trade liberalization and expansion. Intra-Common Market trade in 1992 accounted for 13.6 per cent of the group's total exports, which was the lowest ratio attained since 1980. In addition, a protocol to the treaty establishing the Common Market was signed in October 1993 by the Presidents of the five member States with the President of Panama to review the original treaty and adapt it to the present situation. Panama's participation followed after the Central American Presidents and their Panamanian counterpart signed a joint declaration stating their intention to make Panama a full member of the Common Market. Additionally, the Northern Trade Triangle was established in May 1992 with the signature by the Presidents of Honduras, El Salvador and Guatemala of the declaration of Nueva Ocotepeque providing for the formation of a free trade area to be operational as of 1 January 1993. It subsequently became the Central American Group of Four with the admission into the group of Nicaragua during a meeting of presidents in April 1993.

34. Pursuant to the Barahona Act signed in December 1992 at a meeting of Presidents of the Andean Group and subsequent decisions of the Commission of the Cartagena Agreement, a free trade area came into effect on 1 October 1992 between Bolivia, Colombia, Ecuador and Venezuela. Trade between these countries has since been conducted without any restrictions or charges and, in 1992, it accounted for about 6.2 per cent of the Group's total exports. In addition, a common external tariff was adopted in March 1993.

35. The States members of the Southern Cone Common Market (MERCOSUR), in line with an agreed six-monthly adjusted tariff-cutting programme, initiated four tariff-cutting operations over the period 1992 to 1993, which resulted in a total reduction of customs duties of 82 per cent. A new set of tariff cuts (7 percentage points) was effected on 1 January 1994, while the list of exceptions to preferential trade liberalization was reduced by 20 per cent. Meanwhile, trade among MERCOSUR countries in 1992 accounted for around 18.2 per cent of the group's total exports and growing. A common external tariff is also envisaged, and member States have been meeting to address contentious issues, particularly the level of the tariff and its date of application. In respect of relations with other countries in the region, MERCOSUR member States agreed in May 1994 to negotiate jointly preferential trade agreements in the region.

36. The Caribbean Community (CARICOM) embarked on a phased reduction of its common external tariff to a maximum of 25 per cent by 1998. With a view to fostering trade cooperation with neighbouring countries, the first CARICOM/ Central America Consultative Forum agreed to pursue cooperation between the two subregions. Similarly, in October 1992, a CARICOM/Venezuela Trade and Investment Agreement was signed, to enter into force on 1 January 1993. It provides for one-way duty-free access of CARICOM goods to the Venezuelan market.

37. The special CARICOM conference in October 1992 also considered a report entitled "Time for action" presented by the 15-member West Indian Commission that was established by the 1989 CARICOM conference to make recommendations for deepening the integration process and strengthening CARICOM. The special conference basically adopted the main recommendations of the report, and their subsequent implementation has initiated a series of change within the Community. The recommendations include the establishment of the Caribbean Community of Ministers (comprising the CARICOM ministers in each member State) which would eventually replace the Common Market Council as the second highest organ of CARICOM; the adoption of a "charter of civil society" for CARICOM; amendments to the Treaty of Chaguaramas establishing CARICOM as a means of updating the provisions of the Community's legal framework for the twenty-first century; and the establishment of an Association of Caribbean States (see para. 29 above). Also established was a Bureau of the CARICOM Conference comprising three Heads of State and the Secretary-General with competence to "initiate proposals, update consensus, mobilize action and secure implementation of CARICOM decisions in an expeditious and informed manner". The Bureau has been addressing some of the pressing issues before the Community, such as facilitating the implementation of CARICOM decisions and overseeing the restructuring of CARICOM institutions and organs.

V. SOUTH-SOUTH COOPERATION ON A GLOBAL SCALE

38. Up to now, South-South cooperation has been practised largely within the framework of subregional and regional arrangements and although its potential at the global level is generally recognized, instances of its practical application at that level remain few. One reason could well be that, whereas subregional and regional economic cooperation and integration schemes were a feature of the post-colonial scene, South-South cooperation on a global scale was institutionalized only in the 1980s under the auspices of the Group of 77 and the Movement of Non-Aligned Countries with the adoption of the Caracas Programme of Action in May 1981. 4/

39. The Caracas Programme of Action, which arose from the high-level Conference on ECDC of the Group of 77, was greeted enthusiastically by developing countries. Discussions at the Conference indicated that ECDC could provide a vehicle for the developing countries to take fuller advantage of existing and potential complementarities in their economies. The Programme of Action made specific recommendations in the fields of finance, industrialization and technical cooperation. The Programme of Action is a comprehensive document incorporating the aspirations of developing countries, and a procedure was set up not only for the elaboration of its recommendations by experts in specific fields, but also for periodic review and follow-up of its implementation through the mechanism of a periodic Intergovernmental Follow-up and Coordination Committee.

40. The ideas incorporated in the Caracas Programme of Action are as valid today as they were in 1981. In the field of technology, for instance, the recommendations included an updating of the existing capabilities in national, subregional, regional and interregional technology institutions and agencies in the developing countries; expert group meetings to identify problems of common interest and to select projects for joint action; identification of actions necessary for promoting scientific and technical cooperation among developing countries and the establishment of reciprocal preferential treatment arrangements; establishment of action committees in selected sectors to act as promoters and catalysts of technological development; establishment of networks of scientific and technological institutions for the exchange of information and experience and harmonization of strategies in the field of scientific and technological development; continuous monitoring, assessment and analysis of the potentialities and implications of advanced technologies; strengthening of cooperation in the field of industrial property and exchange of information in the acquisition of technologies from developed countries, including model contracts; joint negotiations, where appropriate, for purchase or transfer of specific technologies from developed countries; the strengthening of the Technological Information Exchange System under the United Nations Industrial Development Organization (UNIDO); preparation of technology profiles for products and processes of interest to other developing countries; facilitation of transfer of technologies from other developing countries; cooperation in new technologies for energy; and meetings of heads of national science and technology agencies of developing countries to give directions to the Group of 77 on these matters.

41. Fourteen years after the Caracas Programme of Action, however, its adoption has not led to the progress that was hoped for. The sectoral meetings stipulated by the Programme of Action generated some initial enthusiasm, but attendance by experts as originally envisaged quickly became a rarity. Similarly there was initial enthusiasm among developing countries for the Intergovernmental Follow-up and Coordination Committee, but the momentum began to decline as the 1980s unfolded and to wane considerably thereafter. The gap of four years between the eighth session of the Intergovernmental Committee in 1993 in Panama City and the one before (Kuala Lumpur, 1989) appears to be symptomatic of this declining interest, as indeed is the attendance of just 40 developing countries members of the Group of 77 at the last meeting in Panama.

42. At its eighth session in Panama, the Intergovernmental Committee made several recommendations on various aspects of common concern on the follow-up to the Caracas Programme of Action. As for trade, recommendations included the ratification of the Global System of Trade Preferences (GSTP) agreement; the widening of collaboration between UNCTAD and regional and subregional cooperation groupings; support for the activities of the services sector; integration of the efforts of State trading organizations, chambers of commerce and the business community; increased cooperation among small and medium-sized enterprises on the subregional, regional and global levels; and support for the development of the South Investment Trade Technology Data Exchange Centre (SITTDEC) information network being developed by the Group of 15.

43. As for the Action Programme for Economic Cooperation initiated by the Movement of Non-Aligned Countries, it was suggested that the Chairman of the Group of 77 and the Non-aligned Coordinating Bureau should continue to be invited to participate in each other's meetings. It also recommended harmonization and integration, wherever possible, of the Caracas Programme of Action and the Action Programme for Economic Cooperation, and endorsed the proposal of the Jakarta Summit of the Movement of Non-Aligned Countries of 1992 to establish a Joint Coordination Committee to enhance collaboration and avoid duplication of efforts between the Movement of Non-Aligned Countries and the Group of 77.

44. Regarding support mechanisms for the Caracas Programme of Action at Panama, the Intergovernmental Committee recommended, among other things, sectoral meetings each year to maintain the momentum of the Caracas Programme of Action; increased coordination between the chapters of the Group of 77 on ECDC; and intersessional meetings of the Joint Coordination Committee of at least three days in New York before the annual Senior Officials' Meeting of the Group of 77. The meeting also recommended promotion of ECDC activities within the private sector and the organization of orientation seminars with the help of the United Nations. It expressed appreciation for the report of the South Commission and made several recommendations, in particular that attention should be given to the services sector in view of its importance and that a mechanism shall be set up for developing countries to discuss matters pertaining to debt.

45. Under the umbrella of the Group of 15, some 19 projects for cooperation among interested developing countries have been launched. They include environment, mining and river and watershed recovery; geological and mineral research; external networking of public telecommunications; TCDC; cooperation in

design and execution of petroleum gas and petrochemical projects; a South renewable energy promotion centre; establishment of gene banks of medicinal and aromatic plants; applications of solar energy; computer training centre; vocational training centre; cooperation in the food sector; population and family planning; external debt; self-propelling growth schemes; SITTDEC; a financial mechanism for enhanced trade among developing countries; utilization and development of non-metallic mineral raw materials; transfer of technology and development; and a business and investment forum.

46. There was great enthusiasm among the countries concerned for this major new initiative for South-South cooperation, which went beyond the objectives of the Caracas Programme of Action inasmuch as it sought, as the Group's annual meetings progressed, to articulate at the level of heads of Government the economic problems faced by the South and to engage the North in a constructive dialogue. Chief among these issues were the ones relating to external debt and international trade, with special emphasis on trade in commodities. The expectations peaked with the summit meeting held in Senegal in 1992. Since then, interest in the Group of 15 can be said to have diminished.

47. As for the projects launched under the programme of cooperation, progress on most of them has been slow.

VI. EVALUATION OF SOUTH-SOUTH COOPERATION IN PARTICULAR SECTORS

A. South-South trade

48. As shown in paragraphs 7 and 8 above, South-South cooperation has been operationalized largely within subregional and regional groups where, with few exceptions, the emphasis has been on trade liberalization and to some extent on monetary and financial cooperation also. In recent years, the process of economic liberalization, often within the framework of structural adjustment programmes (SAPs), is giving rise to greater policy convergencies among developing countries and a general lowering of barriers to mutual trade. This process is having a marked beneficial effect on South-South trade, which, since the mid-1980s, has been on a steady upward path, with trade in manufactures assuming increasing importance.

49. The growth in trade, however, is accounted for largely by the dynamic economies of South and South-East Asia, but recent rapid growth in the intratrade of the MERCOSUR countries is also a major feature of South-South trade. Despite the recent advances, South-South trade remains small, and its further expansion will require a major effort to remove the impediments that still remain, including tariffs and non-tariff barriers, but it will also require action to diversify and strengthen production capacities and complementarities and improve such trade support measures as physical infrastructures, trade information and financing. Other direct action like trade fairs and cooperation among business enterprises would also have a useful role to play.

Table 1. Interdeveloping country trade by region, 1970-1992 a/

(In millions of United States dollars)

Origin (exported from) developing		Destination (imported to) developing					
		Africa	America	Asia	Oceania	Total	World
Africa	1970	672	236	494	2	1 494	12 021
	1980	2 978	5 879	3 264	1	12 962	94 942
	1986	2 821	1 374	2 590	3	7 356	45 829
	1990	3 933	708	3 624	4	8 764	66 698
	1991	4 467	1 032	3 768	4	10 145	70 092
	1992	5 229	1 211	3 504	7	9 950	70 120
America	1970	119	3 029	303	8	3 519	17 513
	1980	2 399	22 985	3 763	108	29 645	107 879
	1986	1 706	14 903	5 187	12	22 037	86 045
	1990	1 948	18 174	8 145	32	28 566	133 596
	1991	1 647	23 139	5 866	54	33 886	136 644
	1992	1 907	28 941	9 299	33	40 181	135 429
Asia	1970	895	507	6 115	89	7 735	27 126
	1980	8 894	15 764	84 389	682	110 980	372 915
	1985	7 232	10 394	94 184	585	113 489	306 246
	1990	12 843	9 653	191 008	1 110	215 801	557 249
	1991	15 670	12 460	231 037	1 178	261 110	820 861
	1992	12 682	16 411	276 616	1 169	306 878	700 240
Oceania	1970	0	0	3	7	10	482
	1980	0	6	143	83	232	2 184
	1986	1	1	269	102	372	2 121
	1990	1	3	330	171	504	2 821
	1991	1	3	442	174	620	3 317
	1992	0	0	433	93	526	3 240

Origin (exported from) developing		Destination (imported to) developing					
		Africa	America	Asia	Oceania	Total	World
Total	1970	1 746	3 794	7 022	105	12 948	58 822
	1980	15 007	44 698	92 414	876	155 477	586 898
	1986	12 340	26 826	103 188	702	144 941	451 538
	1990	19 439	28 648	204 161	1 318	255 514	774 756
	1991	22 660	36 707	244 811	1 410	307 008	840 463
	1992	20 075	46 632	290 445	1 303	358 456	922 981
World	1970	11 836	18 617	28 486	738	62 785	311 905
	1980	84 367	126 105	170 078	2 994	504 035	2 000 949
	1986	60 525	97 984	298 552	3 147	481 799	2 112 988
	1990	81 938	132 109	527 876	5 036	772 724	3 391 906
	1991	81 869	150 012	599 071	5 153	850 442	3 438 566
	1992	82 803	177 717	689 891	5 371	955 783	3 685 967

Source: UNCTAD secretariat calculations based on data from the United Nations Statistical Division.

a/ Taken from UNCTAD document TD/B/CN.3/14.

50. Trade policy in developing countries to emphasize liberalization also goes hand in hand with other outward-oriented and structural adjustment policies (currency devaluation, facilitation of foreign direct investment, privatization, deregulation of industries). Many countries are taking important steps to open up their economies and to foster their integration into world markets. They are reducing and simplifying their tariffs, often in the context of wide-ranging economic reforms. Considerable import liberalization measures in the non-tariff areas are also being implemented unilaterally in a number of countries.

51. In parallel with the implementation of liberalization measures both within groupings and globally, some initiatives to increase interregional trade flows among developing countries have been launched. For example, the first Afro-Arab trade fair was held at Tunis in October 1993 under the auspices of OAU, the League of Arab States (LAS) and the Government of Tunisia. Another initiative is the conference of governors and senior officials of central banks, which was first held in 1990 as part of a programme of cooperation between economic operators from Africa and Latin America. The second conference was organized by UNCTAD, in collaboration with Promociones Exteriores Canarias and the Official Chambers of Commerce, Industry and Shipping of Santa Cruz de Tenerife in March 1994 at Santa Cruz de Tenerife, Canary Islands (Spain). The conference considered, inter alia, the role of central banks in fostering trade expansion and economic cooperation between Africa and Latin America.

Table 2. Intraregional and intragroup trade in Africa a/

Country group	Intragroup trade (millions of US$)			Intratrade/world (percentage share)		
	1990	1991	1992	1990	1991	1992
Africa b/	3 933	4 867	5 229	5.9	6.9	7.5
UMA	727	772	945	2.3	2.4	3.0
UDEAC	139	111	120	2.4	1.9	2.1
ECCAS	171	146	158	2.3	1.9	2.1
ECOWAS	1 470	1 425	1 567	8.3	9.1	7.8
PTA	662	642	707	6.6	6.5	6.7
SADC	360	303	333	5.2	4.4	4.4

Source: Handbook of International Trade and Development Statistics, 1993 (United Nations publication, Sales No. E/F.94.II.D.24), table 1.13.

a/ Taken from UNCTAD document TD/B/CN.3/14.

b/ UNCTAD secretariat calculations based on data from the United Nations Statistical Division.

52. The Executive Committee of the Association of African Trading Enterprises has launched initiatives aimed at promoting the Association in African countries, particularly through the formation of a network of Association representatives in each African country, the creation of subregional committees of trading enterprises, and the organization of commercial missions with the overall objective of expanding intra-Africa Trade. Furthermore, African Ministers of Trade, at their conference in Tunisia in October 1994 on the Uruguay Round and African economies, stressed, inter alia, the need to increase national efforts to promote the diversification of production and the expansion of trade.

53. A meeting of enterprises of Asian and Latin American countries of the Pacific Basin in November 1992 at Santiago (Chile) established a coordination committee with the mandate to produce a programme of action and to establish contacts with cooperation organizations in the Pacific Basin with the aim of preparing technical assistance programmes in support of trade.

54. As regards intratrade in Asia, a prominent feature concerns the continuing high growth rates seen in South-East Asia due to effective exploitation of subregional complementarities, the promotion of "growth triangles" and rapid investment flows. 5/

Table 3. Intraregional and intragroup trade in Asia a/

Country group	Intragroup trade (millions of US$)			Intratrade/world (percentage share)		
	1990	1991	1992	1990	1991	1992
Asia b/	191 008	231 037	276 616	21.4	37.2	39.5
GCC	7 230	7 031	7 150	8.3	8.5	7.6
ECO	1 263	977	1 128	3.6	2.7	3.0
ASEAN	26 288	31 387	30 858	18.6	19.3	19.4
BA c/	1 512	1 761	1 941	2.2	2.3	2.4
SAARC	811	974	1 052	8.6	9.1	8.6

Source: Handbook of International Trade and Development Statistics, 1993 (United Nations publication, Sales No. E/F.94.II.D.24), table 1.13.

a/ Taken from UNCTAD document TD/B/CN.3/14.

b/ UNCTAD secretariat calculations based on data from the United Nations Statistical Division.

c/ Bangkok agreement.

55. In Latin America and the Caribbean, the results of macroeconomic policy stabilization, structural adjustment and opening up to the world economy through the adoption of liberal economic policies are beginning to show in the trade performance of the region. Both intraregional trade and trade among countries members of subregional integration groupings have been showing buoyancy throughout the 1990s. For example, between 1990 and 1994, the share of intragroup trade more than doubled in the Andean Group and in MERCOSUR. It also rose almost as impressively in ALADI. Furthermore, the fact that the region is absorbing an increasingly greater proportion of its overall exports is a sign of growing complementarity among the countries. 6/

Table 4. Latin America and the Caribbean intraregional and total exports, 1990-1994 a/

(In billions of United States dollars and percentage shares)

	1990	1991	1992	1993	1994
ALADI					
- Intraregional	12.2	15.0	19.4	23.6	26.3
- World	112.7	110.6	115.7	122.2	134.6
ALADI/World	10.8%	13.6%	16.8%	19.3%	19.5%
Andean Group					
- Intraregional	1.3	1.8	2.2	2.9	3.5
- World	30.8	28.6	28.1	28.5	29.2
Andean Group/World	4.1%	6.2%	7.9%	10.1%	11.9%
MERCOSUR					
- Intraregional	4.1	5.1	7.2	10.0	11.4
- World	46.4	45.9	50.5	54.3	59.7
MERCOSUR/World	8.9%	11.1%	14.3%	18.5%	19.1%
Central American Common Market					
- Intraregional	0.6	0.7	0.9	1.1	1.2
- World	3.9	4.0	4.7	5.1	5.8
CACM/World	16.0%	17.4%	19.8%	22.4%	20.8%
CARICOM					
- Intraregional	0.4	0.4	0.5	0.6	na
- World	3.9	3.8	4.1	4.3	na
CARICOM/World	12.6%	11.6%	11.6%	12.8%	na
Latin America and the Caribbean					
- Intraregional	16.0	19.3	24.4	29.2	32.3
- World	122.0	120.3	127.6	134.9	148.4
Latin America and the Caribbean/ World	13.1%	16.0%	19.2%	21.7%	21.8%

Source: ECLAC, "Preliminary overview of the Latin American and Caribbean 7economy, 1994" (LC/G.1846, 20 December 1994), box 2.

a/ Taken from UNCTAD document TD/B/CN.3/14.

56. At the intraregional level, a particularly significant development in the area of South-South trade expansion has been the launching of the second round of trade negotiations following the adoption of the Teheran Declaration in November 1991 by the GSTP ministerial meeting. This second round, which is now well under way, aims at facilitating the process of accession to the GSTP for countries other than the 48 that participated in the first GSTP agreement and carrying forward the exchange of concessions into new areas involving direct trade measures, non-tariff barriers and sectoral agreements.

B. Monetary and financial cooperation

57. As regards the second major area of focus in integration arrangements, namely monetary and financial cooperation, the main instrument used by developing countries for cooperation in these areas are clearing and payments facilities, although there have also been attempts at cooperation in the area of currency convertibility and some groupings have studied the question of monetary union.

58. In recent years clearing and payments facilities have performed better than in earlier periods. The recent growth in intragroup trade has been accompanied by a corresponding increase in transactions channelled through them. However the bulk of both intragroup trade and total transactions channelled is concentrated in two facilities, namely the Asian Clearing Union, which in 1991 accounted for 11 per cent of aggregate intragroup trade and 13 per cent of aggregate transactions channelled, and the ALADI Reciprocal Payments and Credit Arrangements, with 76 per cent and 84 per cent respectively. The other facilities account for only modest volumes of trade and clearing. On a more positive note, some have launched innovative schemes for reducing the use of foreign exchange in regional transactions, for example the introduction by the PTA of a traveller's cheque, while among other developing countries a limited number of multilateral trade financing and export-credit guarantee facilities have been established, and in others financial resources are being increasingly mobilized through the establishment of regional capital markets.

VII. EMERGING ISSUES AND NEW REALITIES

59. The post-war world has been characterized by far-reaching changes in the global economy and political structure, but in the last 5 to 10 years these changes have been truly phenomenal, giving rise to increasing interdependence of the world economy, whose main features are growing globalization and liberalization, accompanied by the creation and expansion of economic and trading blocks built around major centres of economic power and sometimes comprising both developed and developing countries; the emergence of new centres of economic growth in East Asia and, more recently, in Latin America also; and, importantly, the growing interrelationship among the component parts of the international economic system.

60. Side by side with these developments is a fundamental rethinking of concepts of economic development models. At the same time, however, there are many countries that are not altogether convinced that the answer necessarily

lies in an unquestioning faith in the opening-up of economies and discarding in their entirety the structures of planning and control and protection for local industry. Such countries remain apprehensive about the immediate and long-term sociological consequences that such a dramatic turn-around in policies might imply. 7/

A. Globalization and liberalization

61. Most developing countries, however, are still not fully familiar with the new development paradigm of globalization and liberalization, much less are they able to position themselves to take advantage of these global developments. They see capital flows increasing at alarming rates, in terms of both volume and rapidity of transfers and financial markets being more and more integrated. They are aware of the continuing and unprecedented revolution in transportation, more especially in communications, and they are witness to the activities of transnational corporations, whose global roles are being continuously enlarged as a result of their expanding market shares and investment capacities. The problem facing a large number of developing countries is how to become a part of this global process and reap the benefits.

62. The problem is particularly acute in the case of those developing countries that have a narrow range of exports products and for which neither significant export growth nor export diversification is a realistic option in the short to medium term.

63. Moreover, developing countries that are raw-material and commodity dependent view future prospects with increasing apprehension. The long-term trend in prices appears to be downwards owing, at least in part, to the rapid change in the proportion of value added from materials to knowledge, not merely in the rapidly growing services sector but more ominously in traditional manufactures too.

64. Among developing countries with more promising growth prospects, the view prevails, however, that continuing protectionism in developed countries, even in the post-Uruguay Round, will remain a major impediment to the long-term development of developing countries. Current moves by developed countries to link environmental issues and labour standards to trade within the World Trade Organization is seen by many of these developing countries as being prompted by protectionist tendencies, because the charge of lower environmental and labour standards in the South could well be used as justification for the adoption of measures in the importing countries that would make the exports of developing countries uncompetitive. 8/

B. The growth of trade and economic blocks

65. As a direct reaction to globalization and liberalization trends in the world economy, there have emerged an intensification and expansion of regional economic cooperation arrangements everywhere whose main features are (a) the formation of large economic and trading blocks around the major markets of the United States and the European Union; (b) the emergence of economic and trade

cooperation schemes involving both developed and developing countries; and (c) the revival of interest in integration among developing countries. 9/

66. An outstanding example of the former is the North America Free Trade Area (NAFTA) involving the United States, Canada and Mexico. A number of Latin American and Caribbean countries are actively seeking membership of the group, and the accession of Chile is eminent. In Asia and the Pacific, the Asia-Pacific Economic Cooperation (APEC) Forum has been launched involving Australia, Brunei Darussalam, Canada, China, Taiwan Province of China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Republic of Korea, Singapore, Thailand and United States. Elsewhere, discussions about a free trade agreement have taken place between the European Union and a number of groupings of developing countries in North Africa and Latin America, while Latin American and Caribbean Heads of State and Government at a summit in Miami in December 1994 agreed to establish a free trade area covering the entire hemisphere.

C. Revival of interest in economic cooperation and integration

67. Beginning in the 1980s, there has been a marked revival of interest in economic cooperation and integration following a long period of stagnation and even retrogression, when many believed that economic integration was in crisis. Today there are few developing countries that are not members of one or another subregional or regional economic cooperation and integration grouping. This new wave of interest was a direct reaction to the changing international economic environment as countries began to see more clearly the role of cooperation and integration as a strategy for both national development and for facilitating fuller participation in the global economy and how, in particular, integration can accommodate their vital national concerns.

68. New groupings have been formed where none existed before. All groupings began applying new approaches to cooperation and integration, with the result that past market integration measures that relied almost exclusively on import substitution strategies behind high tariffs have now given way to more outward-oriented approaches that also aim at facilitating the integration of the countries into the wider world economy. At the same time, market integration is being increased by combining it with other measures in the areas of production, money and finance, and infrastructure, among others, designed to generate and sustain intratrade. Moreover groupings are now adopting approaches referred to as "open or flexible regionalism" 10/ that permit economic cooperation within a wider economic space but more importantly also involve both a widening and deepening of cooperation embracing such diverse fields as insurance, tourism, environment and poverty alleviation, to name only a few. A second important feature of these arrangements is that they permit a very flexible approach to the membership of groupings, so that the economic cooperation and integration process within any grouping can proceed at different speeds or can involve only those countries that have an interest in pursuing any particular activity or initiative.

D. The Uruguay Round

69. An important action of the Uruguay Round with far-reaching implications for South-South cooperation is the establishment of a permanent framework in which trade and related issues can be discussed, negotiated and administered on a continuing basis. 11/ The World Trade Organization (WTO) has a mandate to implement, administer and facilitate the operation of all the Round's agreements and to provide a forum for future negotiations. Strengthened dispute settlement mechanisms are a feature of all the agreements, and new fields such as agriculture, textiles, services, investment and intellectual property have been brought into the multilateral framework and provided with definitions and structures necessary for conducting future negotiations. Linkages have also been established between trade and other areas such as labour and foreign investment, while increasing attention is being paid to the environmental aspects of trade policy.

70. Few developing countries have the managerial and technical capacities necessary to deal with the range of subject-matter resulting from the Uruguay Round. It has been asserted that, as a group, developing countries were at a distinct disadvantage during the course of the Round and that most were unable to safeguard their essential interests. Many did not participate adequately in the discussions that led to the Round's results, even though at the end they were all part of the final decision to approve those results.

71. The Uruguay Round agreements are extremely complex, lengthy and detailed. They encompass many areas that developing countries can exploit to their advantage, but they also include as many areas where action will need to be taken in order to minimize adverse results. If many developing countries had difficulty keeping abreast with the Uruguay Round negotiations, the problem will be multiplied several-fold in the implementation of the agreements and in the continuing negotiations that are a feature of WTO.

E. The role of the private sector and non-governmental organizations

72. South-South cooperation initiatives have mainly been undertaken on a Government-to-Government basis but the programmes of reform that are under way in most countries, as well as the changes that are taking place on the international scene, have significantly increased the influence of the private sector and non-governmental organizations (NGOs) on decision-making processes at all levels and the manner in which these are implemented.

73. The success or failure of South-South cooperation initiatives could well depend on the degree and level of participation of the private sector and NGOs in the South-South decision-making processes.

F. The special needs of Africa

74. While many developing countries have to grapple with severe problems in trying to cope with the challenges of development in the contemporary world, the problems facing African countries are especially severe. The recovery that has been witnessed in much of the developing world in recent years has largely bypassed Africa even though, as has been the case in other countries, African countries have adopted and pursued wide-ranging economic reforms and far-reaching measures to improve the climate for business, including the introduction of more participatory forms of government. An assessment of the outcome of the United Nations Programme of Action for African Economic Recovery and Development concluded, inter alia, that the programme had revealed broad acceptance by African countries of the need for economic reforms based on market-oriented and more flexible forms of economic management with a greater role for the private sector. 12/ Yet the Programme of Action failed to live up to expectations: its successor, the United Nations New Agenda for the Development of Africa in the 1990s is seen as a second chance for the continent to achieve accelerated transformation, integration, diversification and economic growth. The success or failure of the New Agenda hinges first and foremost on the commitment of African countries to the programme, but it will also rest crucially on the support which the programme receives from Africa's development partners among developing countries and from the international community as a whole.

VIII. SUPPORT FOR SOUTH-SOUTH COOPERATION

A. Developed country support 13/

75. In recent years, developed countries and multilateral institutions have shown an increased disposition to support South-South cooperation initiatives, and this support takes a variety of forms, ranging from policy dialogues at the level of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC) to practical support at both the multilateral and the bilateral levels, to specific ECDC programmes and projects or specific cooperation and integration groupings of developing countries. A notable example of the former is the September 1992 OECD/DAC policy meeting, which provided the occasion for the donor community to review its development assistance policy and to examine how best it could support regional economic cooperation and integration among developing countries. The results of the meeting confirmed the member countries' new approach to the economic integration initiatives of the developing countries and their readiness to incorporate aspects of regional cooperation and integration into their development assistance programmes. The meeting also decided to explore the possibilities of encouraging the rationalization and strengthening of regional institutions and to respond favourably to the efforts of developing countries to work together and to help to identify areas particularly suited to regional approaches.

76. At the bilateral level, an increasing number of developed countries and their institutions are taking steps of both an organizational and procedural kind in order to be better able to respond to the ECDC-related aspects of their development assistance programmes and, specifically, to encourage and support

regional cooperation initiatives. Some have established a special "window" or a special regional fund to provide development finance for multicountry projects and programmes. Others have taken the policy decision to concentrate their development assistance in a limited number of regions in order to maximize its impact.

77. The internal structure as well as the working procedures of the main donor countries and institutions reflect this interest in regional cooperation and integration. A notable example is the European Union, which has a long history of providing financial and technical cooperation support for regional cooperation and integration dating back to the Second Yaoundé Convention of 1969. Its own success in European integration and the experiences it has gained in that process would probably explain the important role it has been prepared to play, within the donor community, in supporting regional economic cooperation and integration. For example, at meetings that it organized in October 1991 and February 1992, in connection with the Special Programme of Assistance to the indebted sub-Saharan African countries, the Union (then the European Economic Community) called for further studies on possible approaches to incorporating a regional dimension into SAPs, suggesting that it might play a key role in development assistance to regional grouping and intergovernmental organizations in sub-Saharan Africa in the next decade. In its report, "Regional integration and structural adjustment", the Union identified a number of fields where regional integration and structural adjustment could reinforce each other, such as coordination of macroeconomic and sectoral policies among neighbouring countries.

78. Among the multilateral organizations, the World Bank, which had previously paid limited attention to regional integration, has in the recent past been adopting an unambiguous supportive role, as manifested in several of its activities in Africa in particular, and the United Nations Development Programme (UNDP) has made support for regional economic cooperation a central feature of its programming cycles. Similar approaches are evident in the programmes of all the major bilateral donors.

79. Yet another manifestation of the new attitude in developed countries to the ECDC efforts of developing countries can be seen in the growing popularity of development partner dialogue relationships, working through consultative conferences, round tables and other mechanisms. ASEAN, SADC and the South Pacific Forum hold annual consultative meetings with interested development partners. ECOWAS held its first donor conference in 1992 and PTA/COMESA in 1994.

B. United Nations system

80. Support for South-South cooperation has always been one of the more important aspects of the development mission of the United Nations and its agencies. UNCTAD, which has been designated by the General Assembly as the focal point within the United Nations system for ECDC, has played a central role in the delivery of such support, acting either alone or in collaboration with other United Nations departments and agencies. For example it has played a leading role through studies and technical assistance in the establishment of

subregional and regional economic cooperation schemes among developing countries, covering all the sectors, and it has in a variety of other ways supported South-South cooperation activities at both the regional and interregional levels.

81. In addition to UNCTAD's work, other United Nations departments and agencies are effectively supporting South-South cooperation activities either through ECDC or TCDC modalities. The role of UNDP, whether as a source of funding for the ECDC/TCDC support programmes and projects of other departments and agencies, as a source of technical cooperation in its own right or as a provider of substantive policy input, or because of its catalytic influence, has been critical.

82. Other United Nations organizations are actively supporting South-South cooperation in their respective areas of competence. They include, notably, the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the International Trade Centre UNCTAD/GATT (ITC), the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNIDO and the World Health Organization (WHO). Valuable assistance in promoting South-South cooperation initiatives is also being provided by the United Nations regional commissions.

Notes

1/ See for example, the report of the South Commission, New York, Oxford University Press, 1990, especially pp. 143-155 for a detailed discussion on this point.

2/ This section is based on document TD/B/CN.3/9.

3/ See UNCTAD document TD/B/39(2)II, especially para. 5.

4/ South-South cooperation arrangements may take different forums, depending, inter alia, on the degree of geographical and cultural closeness among the countries concerned. The deepest form is that of economic integration in subregional and regional schemes. The movement for these schemes was stimulated in the 1950s with the creation of the United Nations regional commissions. Beginning with the Latin American Free Trade Association in 1960, schemes were established throughout the developing world. South-South cooperation, i.e. cooperation at the interregional level, is a relatively new phenomenon. Bilateral cooperation at the interregional level is quite common, but GSTP is the only example of an interregional scheme.

5/ This growth is not, however, evenly distributed throughout the Economic and Social Commission for Western Asia (ESCWA) region. Intra-Arab trade for instance is marginal and, according to ESCWA, the share of intraregional trade of the ESCWA region in the total trade in 1989, 1990, 1991 and 1992 was 11.4 per cent, 10.4 per cent, 9.0 per cent and 10.4 per cent respectively.

6/ UNCTAD/ECDC/238.

7/ There have been calls not only from developing countries and their institutions but from developed countries also that SAPs supported by the multilateral institutions should pay greater attention to their social impact. This view is discussed at length in, for example, UNCTAD's Trade and Development Reports, 1993 and 1994.

8/ See the background note by Julio A. Lacarte: "The link between the Uruguay Round results and South-South cooperation".

9/ See TD/B/CN.3/9.

10/ See TD/B/CN.3/15.

11/ See supplement to the UNCTAD Trade and Development Report 1994, "The Uruguay Round: an initial outcome assessment".

12/ See TD/3/39(2)11 and UNCTAD/ECDC/228.

13/ Based on document TD/B/CN.3/GE.1/4.